

# Line-by-Line Instructions: Schedule CR-5 and MI-1040CR-5

*Lines not listed are explained on the form.*

## Schedule CR-5

**Column A:** Agreement number or contract number is found in the lower-right corner of each agreement. The first two numbers represent the county where the property is located. The middle set of numbers is the actual contract number. The final six numbers are the year of expiration, (i.e., 123105 is December 31, 2005). The contract number retains its original series throughout the term of the agreement. However, a letter may be added to indicate that the agreement was split into multiple agreements. The final six numbers change when the agreement is reduced or extended. Always use the contract number on your most recently recorded agreement and attach a copy of each 2005 tax statement that corresponds to the agreement number listed.

**Column B:** List the 2005 taxable value for each agreement that you owned in 2005. The taxable value is found on your property tax statement(s) for each parcel. The total taxable value for each agreement must be listed; do not list each individual parcel. You may also contact your local assessor for this information.

**Note:** If the property tax statement includes taxable value for land not covered by an FDRA, the taxable value reported in column B must be adjusted accordingly. The taxable value that cannot be claimed must be determined by the local assessor's office and submitted on his or her official letterhead. If the property tax statement includes taxable value for land on more than one agreement, the taxable value reported in column B must be separated according to land in each agreement. The local assessor will be able to determine what the breakdown is based on the legal descriptions of the land enrolled under each agreement.

The entire taxable value for the agreement must be entered in column B even if you are eligible to claim only a portion of the property taxes because of joint ownership(s), partnership(s) or multiple shareholders.

**Column C:** For each agreement, check the "Yes" box if you attached paid tax receipts for 2004 or 2005. If paid receipts are not attached, check "No." If you do

not check a box, your Farmland Preservation Credit will be issued jointly to you and the treasurer for the county where the property is located.

**Note: 2005 property tax statements must be attached regardless of which box is checked in column B. If you e-file your MI-1040CR-5, the "Yes" or "No" box must indicate whether your 2004 or 2005 property taxes are paid and not whether they are attached to the return. E-filers do not send property tax statements unless requested to do so by the Michigan Department of Treasury at a later date.**

**Column D:** Enter "I" if you are the individual owner or co-own the land with your spouse, "J" if you are a joint owner with someone other than your spouse, "P" if the land is owned by a partnership or "S" if the land is owned by an S corporation.

**Column E:** If the land is owned by you and someone other than your spouse, enter your percent of income from the signed statement or your percent of ownership based on the number of owners. If the land is owned by a partnership, enter your percent of income or ownership. All partners must use the same basis for filing. If the land is owned by an S corporation, enter your percent of stock ownership.

**Column F: Individuals** enter the taxes from each tax agreement for the portion of land enrolled under an agreement. **Joint owners, partners and shareholders** enter only their allocated share of taxes from each tax statement for the portion of land enrolled under an agreement.

**Note:** If the property tax statement includes taxes for land not covered by an FDRA, the taxes reported in column F must be reduced accordingly. The amount of taxes that cannot be claimed must be determined by the local assessor's office and submitted on his or her official letterhead. The 1 percent collection fee may be included. Do not include penalties, interest or special assessments.

If the property tax statement includes taxes for land on more than one agreement, the taxes reported in column F must be separated according to land in each agreement. The local assessor will

be able to determine what the breakdown is based on the legal descriptions of the land enrolled under each agreement.

## MI-1040CR-5

**Line 4:** Enter the amount from line 3, column F, Schedule CR-5.

**Line 5:** If all of the taxes which qualify for a homestead property tax credit are included in the total on line 4, check "Yes." Otherwise, check "No."

**Line 6:** If you answered "Yes" to line 5, enter "NONE." If you answered "No" to line 5, enter the taxes on your home and farmland that qualify for a homestead property tax credit but are not included in your FDRA.

**Line 7:** Add the total of line 4 to line 6. If you wrote "NONE" on line 6, carry the total on line 4 to line 7.

Before completing line 8, read "Computing the Homestead Property Tax Credit" on page 4.

**Line 8:** Enter your total household income from your MI-1040CR or MI-1040CR-2. If you are a part-year or nonresident, include total 2005 household income, regardless of source.

**Line 9:** Enter the depletion allowance claimed on your federal income tax return. If you are not entitled to a depletion allowance, enter "NONE."

**Line 11:** Enter amount of property tax from line 4. This line **must be completed**.

**Line 15:** If line 15 is less than line 7, enter the amount from line 13 on line 34 of your MI-1040. If line 15 is greater than line 7, complete lines 16 through 18.

Complete columns G and H of Schedule CR-5 only if you have entered into more than one agreement.

**Schedule CR-5, Column H:** Multiply line 13 or 18 from the MI-1040CR-5, whichever applies, by the percentage computed in column G for each agreement and enter in column H.

**PART 2:** If you own farmland jointly with someone other than your spouse, complete Part 2. For each agreement, enter the information for each owner.

Partners may use Part 2 to show percentage of income or ownership if no U.S. 1065 was required. All partners must sign.